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**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D. C. 20505

National Intelligence Officers

20 July 1979  
NFAC 3802-79

MEMORANDUM FOR: Director of Central Intelligence

VIA : Robert R. Bowie  
Director, National Foreign Assessment Center

Richard Lehman  
National Intelligence Officer for Warning

FROM : Joe L. Zaring  
National Intelligence Officer for Western Europe

SUBJECT : Monthly Warning Assessment: Western Europe

SPAIN

1. By reaching a framework agreement with the Basque moderates on a regional autonomy statute, Prime Minister Suarez appears to have defused a situation that looked potentially explosive only a month ago. Early indications are, however, that agreement was reached by cloaking some of the thorniest issues in ambiguous language, and we anticipate further difficulties when the statute is put into effect. Moreover, elements of the radical Basque nationalists will keep up the fight for full independence. We also expect that the negotiations on Catalonia will be tough -- Madrid faces the prospect in this instance of having to devolve substantial authority on a regional government that will be strongly leftist. Nonetheless, the Basque agreement is a very impressive breakthrough toward the decentralization that the new Spain is going to require.

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PORTUGAL

2. President Eanes' decision to dissolve the assembly and hold interim elections this fall will not end the political malaise the country has suffered for nearly two years. The feud between the president and the powerful Socialist Party has been given new grist; party slogans suggest a divisive campaign; and the trip to the polls will resolve nothing --

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especially so since regular elections will have to be held again next year. Neither this surfeit of politicking nor the still grave economic situation will enhance the public's already impaired respect for Portugal's new democracy. [ ]

ITALY

3. The Christian Democrats' refusal to support Socialist leader Craxi's bid to form a new government appears to have killed off any prospect of early return to the cooperation between the two parties that made it possible to govern without the Communists during the 1960s. If Craxi fails, the Socialists -- united by his candidacy -- will be deeply divided again, and certainly in no mood to join the Christian Democrats in a formula reminiscent of the center-left that cost them so dearly at the polls the first time around. With the options thus narrowed, a caretaker government -- perhaps under Andreotti -- would again appear to be the more likely possibility until the Christian Democrats try to resolve their own deep divisions in the party's congress later this year. Meanwhile, the Communists -- having once again fallen firmly in line behind Berlinguer -- have made it clear they are available to help out -- for a price. [ ]

CYPRUS

4. We see virtually no prospect that the communal talks, which scarcely got under way before they were recessed, can be resumed soon, if at all. Ecevit's hard-pressed government in Ankara, in no position to make concessions when the talks opened, will be increasingly less flexible in the runup to the October elections. For their part, the Greek Cypriots seem far more interested in scoring points with the international community in various fora, such as the non-aligned conference. In the meantime, the de facto partition of the island will be further consolidated on both sides. [ ]

TURKEY

5. Over the past few weeks there have been further signs of growing disenchantment with the US on the part of the Turkish government and military. Particularly striking have been reports on General Evren's private reactions to his recent visit to the US, as well as his public linkage of the U-2 flights issue to the inadequacy of US economic and military aid. We see few opportunities ahead for any improvement in the overall climate of official relations, and though not directly related, we must anticipate that US personnel and property will be increasingly targeted by radical Turkish elements. [ ]

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ENERGY

6. The negative impact of energy shortfalls and OPEC price increases may put some additional strain on trans-Atlantic relations in coming months. The well-known French (and to some extent, Italian) proclivity for trying to ensure bilaterally continued access to supplies is again in evidence; energy concerns are an obvious factor in the growing propensity of the European Community to criticize aspects of Israel's policies. The current EC-OPEC dialogue highlights both of these problems, and even the Bonn government seems much more inclined to try to balance its pro-Israel stance with gestures toward the Arabs. Another important factor is continued European suspicion of US willingness and ability to coordinate international energy policy as evidenced by the recent mid-level distillate entitlements controversy and IEA disagreements over emergency sharing. Long given to criticism of US energy policies, the Europeans can be expected to be openly -- and perhaps irritatingly -- skeptical that we have "reformed". ☐

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SALT II

7. There are differences of view among community analysts on the importance Western Europe attaches to approval of SALT II. DIA believes that reservations regarding aspects of the treaty by the major Allies -- France, West Germany, and the UK -- are such that Senate rejection would not be regarded as a major setback to their security interests. Other analysts stress that, despite such reservations, most West Europeans would consider the treaty's failure: (a) a major defeat for US leadership; (b) a threat to the continued pursuit of detente that is politically important -- especially to some of them; (c) a serious interruption of the arms control process to which they attach great importance; and (d) an additional and perhaps insurmountable complication for specific objectives -- theater nuclear force modernization, SALT III, and getting on with MBFR. ☐

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